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C O N F I D E N T I A L SECTION 01 OF 03 KATHMANDU 000511

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SUBJECT: PM'S ADVISOR SAYS INTERIM GOVERNMENT LIKELY IN 5-6 DAYS

REF: KATHMANDU 0406

Classified By: Ambassador James F. Moriarty. Reasons 1.4 (b/d).

Summary

1. (C) Dr. Suresh Chalise, Prime Minister (PM) Koirala's Foreign Policy Advisor, told the DCM March 8 that Maoists were likely to join an interim government in the next five to six days. Chalise said the Prime Minister, leaders of the Nepali Congress (NC), and Maoist leaders had reached an understanding at a meeting March 7. Chalise expected the eight parties to endorse the agreement in the coming days. The Foreign Policy Advisor reported final agreement for Maoist entry included: 1) return of seized property, 2) agreement on weapons for VIP security; and 3) a crackdown on illegal weapons. The Maoists, in turn, wanted assurances of appropriate positions in an interim cabinet notably the communications portfolio. Chalise downplayed the recent violence in the Terai, saying, the situation would "work itself out." He was confident the Government of Nepal (GON) had reached a sufficient understanding with the Madhesis to move forward. The PM's advisor said Koirala planned to use the upcoming cabinet reshuffle to move current Home Minister Krishna Prasad Sitaula.

Maoists Will Enter Government in 5-6 Days

2. (C) Dr. Suresh Chalise, PM Koirala's Foreign Policy Advisor, told the DCM March 8 that the PM, senior members of the PM's Nepali Congress (NC) Party, and Maoist leadership had agreed on conditions needed for Maoist entry into an interim government at a meeting at the PM's Residence on March 7. Chalise said he expected the understanding to be endorsed by the eight parties over the next days. Chalise reported that conditions for Maoist entry included; 1) return of seized property, 2) agreement on weapons for VIP security; and 3) a crackdown on illegal weapons. The Maoists, in turn, wanted assurances of appropriate positions in an interim cabinet. Chalise said the Maoists were rapidly following up on many of these points including issuing a statement to their cadre to return seized property. Chalise estimated five or six days until the formation of an interim government.

Agreement Reached on VIP Security

13. (C) Chalise told the DCM that the debate over Maoist weapons for personal security was no longer a sticking point in the negotiations. GON security personnel would provide perimeter security, while the Maoists would handle internal security with their own bodyguards. However, all the Maoist weapons used for personal security would have to be registered with the UN Mission in Nepal (UNMIN) or the Ministry of Home Affairs. GON security forces would supervise movement of Maoist leaders, while Maoist bodyguards would provide physical protection.

Maoists Want Communication; NC Wants Other Top Slots

14. (C) Regarding Maoist positions in an interim cabinet, Chalise reported the Maoists were pushing hard for the Ministry of Information and Communication (currently held by the NC). Chalise also said the PM had raised the NC's interest in nominating the Deputy Prime Minister. Chalise said the PM wanted a clear order of succession that had the NC first and the Maoists farther down the line (third or fourth). Chalise said the Maoists had not pushed back on this point. (Comment: PM Koirala's nephew, Dr. Shekher Koirala, highlighted to Emboff March 2 the Maoist interest in the Information and Communication, Physical Planning and Works, General Administration, and Local Development and Land Reform (or Agriculture) Ministries. End Comment.)

Terai Not a Top GON Priority

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15. (C) The DCM stressed to Chalise that the GON needed a comprehensive approach to addressing the unrest in Nepal's southern Terai region as opposed to remedying the concerns of each marginalized group one-by-one. Chalise agreed and said that the PM was outlining a holistic approach. However, Chalise downplayed the recent violence in the Terai, saying he thought the situation would "work itself out" intimating that the issue was not at the top of the GON's priority list. Chalise reported that the GON had reached an understanding with MPRF during a recent meeting with MPRF leadership which had included Minister of Finance Mahat. While the GON could not openly side with the MPRF, its clash with the Maoists was in the interest of democratic forces.

Madhesi Demands: GON Accepts Two Out of Three

16. (C) Chalise told the DCM that of the Madhesis' three demands: 1) the resignation of the Home Minister, 2) a commission of inquiry to investigate the recent violence in the Terai and to provide compensation to victims, and 3) the declaration of fallen Madhesis as Martyrs; the first two were acceptable to the GON. On the first point, Chalise said the PM planned to use the upcoming cabinet reshuffle to move current Home Minister Sitaula (Note: In a separate meeting with the Ambassador and DCM March 8, peace facilitator Hannes Siebert indicated that Sitaula would likely be shifted to the planned Peace Ministry. End Note.) On the second point, Chalise reported that an independent commission of inquiry into the January to February riots in the Terai would be formed and the GON planned to pay compensation. However, on the third point, Chalise said the GON was reluctant to recognize Madhesi rioters as martyrs because the rioters had brutally murdered a police officer in Biratnagar. Chalise was confident the GON had reached a sufficient "understanding" with the Madhesis to move forward.

Second Phase of Arms Management Will Be Dicey

¶7. (C) Chalise expressed concern regarding the planned second phase of arms management (following the counting of Maoist arms and combatants) which would include vetting the over 30,000 combatants in the cantonment sites to determine their eligibility to remain. Chalise said that even the Maoists themselves had earlier suggested that PLA had only 5,000 to 7,000 combatants. Chalise worried about the hordes of Maoist militia the UN would release from the camps into the countryside during the vetting process, with grave implications for the already deteriorating law and order situation. Chalise said the Maoists regarded the arms management process as complete, and that they were therefore entitled to enter into an interim government; the second phase in their view had no bearing.

Law and Order After Entry into Government

¶8. (C) The PM's advisor reiterated earlier statements that the GON would enforce law and order and seize illegal weapons from Maoist militia after the Maoist entered an interim government. (Note: The GON's position in late 2006 was that they would enforce law and order once Maoist combatants were in the camps. End Note.) Chalise said the government recognized how critical the re-establishment of security would be, particularly in the lead-up to elections. Chalise said the a new Home Minister would have the potentially "historic task" to promote law and order across the country.

GON and Maoists Still Sticking to June Election Deadline

¶9. (C) Chalise clarified that the interim government had to be formed because only it could declare a date for the Constituent Assembly (CA) election. Chalise said the GON remained eager to have elections by the June deadline laid

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out in the Comprehensive Peace Agreement (CPA) to minimize the potential for pre-election mischief. The GON had avoided any public mention of possible postponement, the PM's advisor said, because the June election deadline figured so prominently in the commitments the Seven-Party Alliance had made in the Interim Constitution and CPA. The Maoists, Chalise reported, were also interested in a June election, but were sending mixed signals publicly on the potential date. When pressed by the DCM on the technical challenges to pulling off an election by June, Chalise said it would be possible under the tight timetable.

Camp Conditions Meet Nepali Standard

¶10. (C) When the DCM inquired about the conditions in the PLA cantonment sites, Chalise said that they were poor if you held them to western standards. He added, however, that Nepal was a third world country and many Nepalis lived in similar circumstances. The Foreign Policy Advisor did not comment on a relevant personnel reshuffle in the Peace Secretariat which peace facilitator Siebert raised March 8.

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According to Siebert, the much criticized Joint Secretary for Camp Management would be transferred to the Election Commission. His successor, Siebert said, appears to be more inclined to focus on the UN's long-standing proposal to create a trilateral UN-GON-Maoist committee, similar to the Joint Monitoring Coordinating Committee (JMCC) on arms management, to address camp management issues.

Comment

¶11. (C) Chalise seemed relaxed and confident, conveying the

impression that Maoist entry into an interim government was a done deal. He expected the Maoists to fulfill outstanding conditions for their entry over the next days, but insisted that their actions would have to be tested. He also expressed GON satisfaction with progress on arms management. In a departure from previous meetings, he did not mention his perennial bugbears: the Palace and the Nepal Army. Post is less sanguine than the PM's Foreign Policy Advisor about the Terai; letting the situation continue to boil as a way to weaken the Maoist position instead of finding a comprehensive solution to address the grievances of Nepal's marginalized groups is a dangerous game. We will continue to push the GON to take full advantage of the arms management process to minimize the Maoist threat. We will also push the GON to re-establish law and order and to take a comprehensive and inclusive approach to Nepal's electoral and constitutional challenges.

MORIARTY